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9 UNITED STATES BANKRUPTCY COURT
10 CENTRAL DISTRICT OF CALIFORNIA – SANTA ANA DIVISION

11 In re
12 THE LITIGATION PRACTICE GROUP P.C.,
13 Debtor.

Case No. 8:23-bk-10571-SC

Chapter 11

Adv. No.

14 RICHARD A. MARSHACK, Trustee of the
15 LPG Liquidation Trust,

16 Plaintiff,

17 v.

18 HP IT SERVICES INCORPORATED, a
19 California Corporation; and DOES 1 through 20,
20 inclusive,

21 Defendants.
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COMPLAINT FOR:

(1) AVOIDANCE, RECOVERY, AND
PRESERVATION OF PREFERENTIAL
TRANSFERS [11 U.S.C. §§ 547, 550, AND
551];

(2) AVOIDANCE, RECOVERY, AND
PRESERVATION OF ACTUAL
FRAUDULENT TRANSFERS [11 U.S.C.
§§ 544, 548(a)(1)(A), 550, 551; CAL. CIV.
CODE §§ 3439.04(a)(1) AND 3439.07];

(3) AVOIDANCE, RECOVERY, AND
PRESERVATION OF CONSTRUCTIVE
FRAUDULENT TRANSFERS [11 U.S.C.
§§ 544, 548(a)(1)(B); 550, 551; CAL. CIV.
CODE §§ 3439.04(a)(2), 3439.05, AND
3439.07]; AND

(4) DISALLOWANCE OF CLAIMS HELD
BY DEFENDANTS [11 U.S.C. § 502(d)]

[STATUS CONFERENCE TO BE SET BY
COURT]

Richard A. Marshack, solely in his capacity as Trustee of the LPG Liquidation Trust, files this complaint against HP IT Services Incorporated, a California Corporation (“Defendant”) and Does 1 through 20, inclusive, (collectively, “Doe Defendants”), and alleges as follows:

Statement of the Case

1. A bankruptcy trustee may avoid and recover actual and constructively fraudulent transfers made by a debtor. In this case, while insolvent, Debtor transferred at least \$57,196.97 to Defendant within four years prior to bankruptcy (collectively, the “Transfers”). The Trustee alleges that some or all of the Transfers were then subsequently transferred by Defendant to one or more of the Doe Defendants. Reasonably equivalent value was not provided the Debtor in exchange for the Transfers and, as evidenced below, the Transfers were made with actual intent to hinder, delay, or defraud Debtor’s creditors. Alternatively, and to the extent the Court determines that Debtor was liable for any transfers made to Defendant during the ninety-day period prior to the Petition Date, Plaintiff alleges that such Transfers are avoidable under 11 U.S.C. § 547.

2. Under these facts, the Trustee can avoid the Transfers and recover from Defendant as the “initial” transferee of such transfers and/or from Doe Defendants as “subsequent” transferees who did not take in good faith, for value, and without knowledge of the avoidability of such transfers. Plaintiff seeks to avoid, recover, and preserve such fraudulent and preferential transfers for the benefit of the Estate.

Statement of Jurisdiction and Venue

3. The Court has jurisdiction over this adversary proceeding pursuant to 28 U.S.C. §§ 157 and 1334 in that this action arises in and relates to the bankruptcy case pending in the United States Bankruptcy Court for the Central District of California, Santa Ana Division, entitled *In re The Litigation Practice Group, P.C.*, Bankruptcy Case Number 8:23-bk-10571-SC.

4. Plaintiff has standing to bring this adversary proceeding pursuant to Provision V.E. of the Modified First Amended Joint Chapter 11 Plan of Liquidation, confirmed by the Court on September 9, 2024, as Dk. No. 1646. The Plan provides that the estate’s litigation claims, including avoidance claims, were transferred to the LPG Liquidating Trust. Plaintiff brings these claims on behalf of the Trust.

5. This adversary proceeding is a core proceeding under 28 U.S.C. § 157(b)(2)(A), (B), (E), (F), (H), and (O), and this Court has Constitutional authority to enter a final judgment on these claims. To the extent any claim for relief is determined not to be a non-core proceeding or a *Stern*-claim, Plaintiff consents to the entry of final judgment and orders by the Bankruptcy Court.

Parties

8. On March 20, 2023 (“Petition Date”), the Debtor filed a voluntary petition under Chapter 11 of Title 11 of the United States Code, initiating bankruptcy Case No. 8:23-bk-10571-SC (“Bankruptcy Case”) in the United States Bankruptcy Court for the Central District of California, Santa Ana Division.

10. Plaintiff alleges that, at all relevant times, Defendant was a domestic corporation formed and existing under the laws of the State of California. Defendant's address and/or principal place of business is 1506 W. Flower Drive, Fullerton, CA 92833.

1 caused Plaintiff's damages by their conduct. Plaintiff is informed and believes, and based thereon
2 alleges, that the fictitiously named defendants may constitute individuals, unknown trusts,
3 partnerships, related entities, owners, principals, shareholders, insiders, alter egos, co-conspirators,
4 and aiders and abettors that: (a) received transfers from Debtor as an initial, immediate, or mediate
5 transferee; (b) received transfers from Defendant as a mediate transferee; (c) directed or controlled
6 Defendant's conduct and, as such, were responsible in some manner for the occurrences alleged
7 herein; and/or (c) were used to shield Debtor's assets from collection, levy or execution, and to
8 otherwise, hinder, delay and defraud the Debtor and its creditors.

9 **General Allegations**

10 **A. The Bankruptcy Case**

11 12. Pre-petition, Debtor was a law firm that provided consumer debt resolution services
12 to more than 50,000 clients nationwide.

13 13. Tony Diab ("Mr. Diab") owned, operated, dominated and controlled Debtor.

14 14. On May 8, 2023, the Trustee accepted his appointment as the Chapter 11 Trustee in
15 the Bankruptcy Case. To the extent that the Trustee was not appointed until after any of the events
16 alleged in this Complaint, the allegations are based on information and belief. *See Soo Park v.*
17 *Thompson*, 851 F.3d 910, 928 (9th Cir. 2017); *Miller v. City of Los Angeles*, 2014 U.S. Dist. LEXIS
18 198871, at *5 (C.D. Cal. Aug. 7, 2014); *Mireskandari v. Daily Mail and General Trust PLC*,
19 2013 U.S. Dist. LEXIS 194437, at *4 (C.D. Cal. July 31, 2013).

20 **B. Fraudulent Entities**

21 15. The consumers that retained Debtor to represent them would pay over a period of
22 time via monthly ACH debits from their bank accounts. These monthly payments were intended to
23 cover all legal services provided by Debtor to those consumers. These funds should have been
24 deposited into an attorney-client IOLTA account until earned. Instead, these funds were never
25 deposited into trust and were diverted to one or more sham entities created to receive and hold
26 Debtor's property, other non-debtor entities, insiders, affiliates, marketing companies, co-
27 conspirators, or otherwise spent on non-business, unnecessary, and lavish personal expenses which
28 ultimately rendered the Debtor insolvent.

1 16. Mr. Diab has admitted, under penalty of perjury, that he operated the Debtor as a
2 criminal enterprise, specifically, a Ponzi scheme. The Debtor's insolvency led to Mr. Diab and the
3 Debtor to improperly selling its stream of retainer payments, sometimes multiple times over, to
4 "investors" in the scheme.

5 17. After the Debtor's scheme began to crumble, as all Ponzi schemes inevitably must,
6 and the Debtor's creditors began to demand payment from the Debtor, the LPG Insiders concocted
7 and enacted a plan to keep Debtor's interests in property outside the reach of creditors. Specifically,
8 the LPG Insiders created one or more sham entities to hold Debtor's property.

9 18. These sham entities include but are not limited to Vulcan Consulting Group LLC,
10 Coast Processing LLC dba LPG, Oakstone Law Group PC, Greyson Law Center PC, Maverick
11 Management Group, LLC, and Prime Logix, LLC. Several of the sham entities purported to operate
12 as debt relief law firms.

13 19. After the creation of these sham entities, many of Debtor's consumer clients were
14 unlawfully "transferred" to one of the sham entities to receive legal services, which also led to
15 related ACH receivables being improperly deposited into the accounts of such sham entities.

16 20. Other money that came into the sham entity accounts were also all related to the
17 Debtor's client files. As Mr. Diab would obtain loans to or investments in LPG, such funds would
18 also be deposited in these accounts. Such loans owed by, and investments in the Debtor, were paid
19 from the funds held by the sham entities.

20 21. In sum, Mr. Diab used the bank accounts of the various sham entities to hold Debtor
21 money derived from ACH pulls drawn from the accounts of Debtor's consumer clients and/or from
22 investors who were told and who believed that they were investing in Debtor.

23 22. In the year prior to bankruptcy, the Debtor's Statements of Financial Affairs evidence
24 that it received revenues totaling approximately \$155 million in monthly ACH payments from its
25 consumer clients.

26 23. Under applicable state and federal laws, ACH pulls from a consumer's bank account
27 can occur until the party initiating the payments obtains the consumer's express written consent.

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1 24. With respect to the ACH pulls, the consumer clients only consented to the Debtor
2 initiating the payments from their accounts.

3 25. With respect to the ACH pulls, the funds were derived from Debtor's consumer
4 clients that never consented to any law firm other than the Debtor representing them and from
5 investors.

6 **C. Ponzi Scheme**

7 26. Mr. Diab's operation of the Debtor as a Ponzi scheme manifested itself in several
8 ways involving the Debtor's stream of ACH receivables from its consumer clients and the funds
9 loaned to and invested in Debtor by third party lenders and investors.

10 27. As noted above, Mr. Diab used the sham entities he controlled to keep millions of
11 dollars of Debtor's money away from its creditors. The use of the sham entities also permitted him to
12 operate, without oversight or detection, and to avoid payment disputes and complications.

13 28. Third parties that believed they were loaning money to the Debtor and/or investing in
14 in the Debtor and its streams of receivables were paid from the funds paid by the Debtor's consumer
15 clients so that they would be unaware of the Debtor's insolvency and to perpetuate the Ponzi
16 scheme. Many of these "lenders" actually served as "investors," hoping for very high returns before
17 "the music stopped."

18 29. The Debtor also paid certain outside attorneys for services rendered to old clients
19 with the funds obtained from new clients, further perpetuating and facilitating the Ponzi scheme.

20 30. The Ponzi scheme also entailed the Debtor incurring debt and obligations that were
21 virtually impossible to repay. Because the Debtor and its marketing affiliates received only
22 incremental payments over time from Debtor's consumer clients, Debtor would sometimes purport
23 to sell the future streams of payments made by its clients to raise additional cash. The same
24 receivables were often-times bundled and sold multiple times over with no regard for the resulting
25 repayment obligations incurred by the Debtor.

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1 31. The Debtor would also at times work with marketing affiliates who would get
2 consumers that responded to advertisements to sign retainer agreements with the Debtor in exchange
3 for a portion of the future payments.

4 32. The Debtor also obtained money from investors and merchant cash advance lenders at
5 usurious rates and objectively unreasonable terms.

6 33. The Debtor knew it did not have the ability to repay its various creditors and, thus, the
7 actions taken by the Debtor constituted a Ponzi scheme orchestrated for improper personal gain.

8 34. This Court has recognized that Debtor operated a Ponzi scheme by using funds
9 provided by former investors to attract new investors hoping for very high returns. *See* Dk.
10 No. 1545, fn. 5.

11 35. The Ponzi Scheme Presumption establishes a debtor’s “intent to defraud future
12 undertakers [investors] from the mere fact that a debtor was running a Ponzi scheme.” *Merrill v.*
13 *Abbott (In re Independent Clearing House Co.)*, 77 B.R. 843, 860 (D. Utah 1987). “Knowledge to a
14 substantial certainty constitutes intent in the eyes of the law, cf. Restatement (Second) of Torts § 8A
15 (1963 & 1964), and a debtor’s knowledge that future investors will not be paid is sufficient to
16 establish his actual intent to defraud them.” *Id.* A trustee in bankruptcy is not required to show that
17 an operator of a Ponzi scheme was subjectively aware his Ponzi scheme was destined to fail. *In*
18 *re EPD Inv. Co., LLC*, 114 F.4th at 1153 (9th Cir. 2024).

19 36. “[I]f all the debtor receives in return for a transfer is the use of the defendant’s money
20 to run a Ponzi scheme, there is nothing in the bankruptcy estate for creditors to share.” *In*
21 *re Independent Clearing House Co.* 77 B.R. at 859. In such a situation, the use of the defendant’s
22 money cannot objectively be called “reasonably equivalent value.” *Id.* Therefore, “[t]he trustee can
23 avoid the transfers if they were preferential or fraudulent. Transfers to investors in a Ponzi scheme
24 are preferential and fraudulent. Therefore, they constitute ‘property of the estate,’ and the trustee can
25 recover them.” *Id.* at 853 n.17 (citations omitted).

26 37. Based on the Ponzi Scheme presumption, the Court can presume that the Debtor had
27 the actual intent to defraud investors within the meaning of 11 U.S.C. § 548(a)(1). Since the transfers
28 by Debtor to third parties, including Defendants, were made with the intent to further the Ponzi

1 scheme, the Debtor did not receive an objectively reasonable equivalent value for such transfers, and
2 the Trustee can avoid any such transfers because they were preferential and/or fraudulent.

3 **D. Prepetition Creditors and Lawsuits**

4 38. Debtor's Schedule E/F, filed on April 4, 2023, as Dk. No. 33, lists: (a) 11 unsecured
5 creditors with priority unsecured claims totaling \$374,060.04; and (b) 58 nonpriority unsecured
6 creditors with scheduled claims totaling \$141,439,158.05.

7 39. The claims register in this Bankruptcy Case includes 2,554 proofs of claim, totaling
8 in excess of \$424 million of claims asserted against the Estate.

9 40. At least 14 UCC-1 statements were of record securing alleged debts of the Debtor as
10 of the Petition Date. These statements either reflected secured liens against the Debtor's assets then
11 owned or thereafter acquired or provided evidence of the assignment or sale of substantial portions
12 of the Debtor's future income. They secured the repayment of the following claimed amounts that
13 are currently known to Trustee and are allegedly owed by the Debtor: (a) \$2,374,004.82 owed to
14 Fundura Capital Group as evidenced by Proof of Claim No. 335 purportedly secured by a UCC
15 statement filed on or about May 19, 2021; (b) approximately \$15 million dollars owed to MNS
16 Funding, LLC as evidenced by Proof of Claim No. 1060 purportedly secured by a UCC statement
17 filed on or about May 28, 2021; (c) approximately \$5,000,000 owed to Azzure Capital, LLC as
18 evidenced by Proof of Claim No. 127 purportedly secured by a UCC statement filed on or about
19 May 28, 2021; and (d) approximately \$1.5 million dollars owed to Diverse Capital, LLC purportedly
20 secured by UCC statements filed on or about September 15, 2021, and December 1, 2021.

21 41. Debtor's balance sheets for the 36 months ending December 31, 2021, show
22 approximately \$17,900,000 in total assets at its highest point in November 2021. This amount is
23 significantly less than the \$424 million of claims filed.

24 42. Debtor's Statement of Financial Affairs, filed on April 4, 2023, as Dk. No. 34,
25 reflects 15 pending lawsuits against Debtor as of the Petition Date. The lawsuits date back to
26 October 18, 2021 (*Fundura v. The Litigation Practice Group P.C. et al.*, Supreme Court of New
27 York Index No. 613192-2021) and are as recent as March 10, 2023 (*Diverse Capital LLC v. The*
28 *Litigation Practice Group P.C. et al.*, Supreme Court of New York Index No. 135614-2023).

1 **E. Debtor's Insolvency**

2 43. Debtor was insolvent when the Transfers occurred as evidenced by: (a) the 14 UCC-1
3 statements reflecting secured liens against the Debtor's owned and after-acquired assets and the
4 assignment or sale of substantial portions of the Debtor's future income; (b) the priority and non-
5 priority unsecured debt of nearly \$142 million listed in Debtor's schedules; (c) the \$424 million of
6 creditor claims filed in this Bankruptcy Case; and (d) Debtor's balance sheets reflecting, at its
7 highest point, \$17.9 million of assets in November 2021.

8 44. Moreover, insolvency is presumed as a matter of law where, as in this Bankruptcy
9 Case, the debtor operated a Ponzi scheme. *See, e.g., Glob. Money Mgmt., L.P. v. McDonnold*,
10 No. 06CV34, 2008 U.S. Dist. LEXIS 128733, at *15 (S.D. Cal. Feb. 27, 2008) (concluding that "if a
11 Ponzi scheme is proven, then the debtor is proven insolvent from the time of its inception").

12 **F. Antecedent Debts**

13 45. Upon information and belief, Plaintiff alleges that some of the Transfers were made
14 to pay for debt incurred prior to Transfers being made.

15 46. Upon information and belief, Plaintiff alleges that Defendant invoiced Debtor with
16 expectation of future payment, creating antecedent debts.

17 **G. The Subject Transfers**

18 47. During the four-year period prior to the Petition Date, Debtor transferred cash to
19 Defendant and/or the Doe Defendants. The full extent of the Transfers will be proven at trial, but are
20 in an amount not less than \$57,196.97 (previously defined as "Transfers") as set forth in the chart
21 attached as **Exhibit 1**.

22 48. To the extent the Court determines that the \$18,461.56 in Transfers made during the
23 ninety-day period prior to the Petition Date were made on account of antecedent debts owed by the
24 Debtor, the Trustee alleges that such Transfers are avoidable under 11 U.S.C. § 547 (collectively, the
25 "Preferential Transfers").

26 49. To the extent the Court determines that the \$38,735.41 in Transfers made during the
27 four-year period prior to the Petition Date were made: (a) with actual intent to hinder, delay, or
28 defraud Debtor's creditors; and/or (b) without Debtor receiving reasonably equivalent value in

1 exchange, the Trustee alleges that such Transfers are avoidable under 11 U.S.C. § 544 and 548 and
2 under Cal. Civ. Code §§ 3439.04 and 3439.05 (collectively, the “Fraudulent Transfers”).

3 50. Each of the Transfers is a “transfer” of Debtor’s interest in property as that term is
4 defined in 11 U.S.C. § 101(54).

5 51. Plaintiff alleges that Debtor was insolvent when the Transfers were made or became
6 insolvent as a result of the Transfers.

7 52. Plaintiff alleges that Debtor did not receive reasonably equivalent value in exchange
8 for or in connection with the Transfers.

9 53. Pursuant to 11 U.S.C. § 550(a), Plaintiff is entitled to recover the Transfers or their
10 value from Defendant and Doe Defendants as initial or subsequent transferees.

11 54. Under 11 U.S.C. § 551, avoided transfers are automatically preserved for the benefit
12 of the Estate.

13 **H. Due Diligence**

14 55. On September 6, 2025, Plaintiff caused a letter to be mailed to Defendant requesting
15 documents and information to substantiate the Transfers, to assess the purpose of the Transfers, and
16 to evaluate any potential defenses to Plaintiff’s avoidance and recovery of the Transfers.

17 56. Prior to filing this Complaint, Plaintiff’s counsel conducted an electronic search of
18 Debtor’s paper files and accounting records, including Debtor’s Quickbooks files, which records and
19 files are now stored electronically. Plaintiff’s search of the subject records and files revealed no
20 apparent defenses to the alleged claims.

21 **First Claim for Relief**

22 **Avoidance, Recovery, and Preservation of Preferential Transfer**

23 **11 U.S.C. §§ 547, 550, and 551**

24 **(Against all Defendants)**

25 57. Plaintiff incorporates by reference Paragraphs 1 through 56 and realleges these
26 paragraphs as though set forth in full herein.

27 58. The Preferential Transfers were made within 90 days prior to the Petition Date.

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1 59. To the extent the Court determines that Debtor owed an antecedent to Defendants,
2 Plaintiff alleges that each of the Preferential Transfers are subject to avoidance as preferences.

3 60. The Preferential Transfers were of property of Debtor.

4 61. The Preferential Transfers were made at a time when Debtor was insolvent and/or
5 rendered insolvent by virtue of said transfers.

6 62. Each of the Preferential Transfers made to Defendant enabled Defendant to receive
7 more than it would have received in a hypothetical Chapter 7 case if: (a) such Preferential Transfers
8 had not been made; and (b) Defendant received payment of such debt to the extent provided for by
9 Title 11 of the United States Code.

10 63. The Preferential Transfers are avoidable pursuant to 11 U.S.C. § 547. Defendant has
11 liability for all avoided Transfers under 11 U.S.C. § 550.

12 64. The Trustee may preserve all avoided Preferential Transfers from Defendant and/or
13 Doe Defendants for the benefit of the Estate pursuant to 11 U.S.C. § 551.

14 **Second Claim for Relief**

15 **Avoidance, Preservation, and Recovery of Actual Fraudulent Transfer**

16 **11 U.S.C. §§ 544, 550, 551; Cal. Civ. Code §§ 3439.04(a)(1) and 3439.07**

17 **(Against all Defendants)**

18 65. Plaintiff incorporates by reference Paragraphs 1 through 56 and realleges these
19 paragraphs as though set forth in full.

20 66. Under 11 U.S.C. § 544(b)(1), Plaintiff may avoid transfers of an interest of Debtor
21 which are voidable under applicable law by an unsecured creditor of Debtor, including under
22 California Civil Code § 3439.04(a)(1).

23 67. The Fraudulent Transfers were of property of Debtor.

24 68. The Fraudulent Transfers were made within four years of the Petition Date.

25 69. The Fraudulent Transfers were made with the actual intent to hinder, delay, or
26 defraud Debtor's creditors.

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1 70. At the time each Fraudulent Transfer was made, Debtor was indebted to one or more
2 creditors that held a claim against Debtor on the date of each Fraudulent Transfer and on the Petition
3 Date.

4 71. Debtor had been sued or threatened with suit before some or all of the Fraudulent
5 Transfers occurred.

6 72. Debtor incurred substantial debt shortly before or shortly after some or all of the
7 Fraudulent Transfers occurred.

8 73. The LPG Insiders caused Debtor to abscond and delay the discovery of substantial
9 assets of the Debtor pursuant to the diversion of Debtor's funds, client files, and assets to sham
10 entities.

11 74. Debtor actively concealed its beneficial interest in the Fraudulent Transfers and made
12 the payments to Defendants with actual intent to hinder, delay, or defraud other creditors of the
13 Debtor.

14 75. The LPG Insiders and the various sham entities, which held Debtor's funds,
15 benefitted in part from the use of such funds improperly diverted away from Debtor and would be
16 considered insiders under Cal. Civ. Code § 3439.04(b)(1).

17 76. Debtor received less than reasonably equivalent value in exchange for the Transfers.
18 Defendant and/or Doe Defendants received at least \$57,196.97 of property belonging to Debtor.

19 77. The Fraudulent Transfers were made at a time when Debtor was insolvent and/or
20 rendered insolvent by virtue of said transfers.

21 78. Plaintiff alleges that Defendant and/or Doe Defendants did not receive the Fraudulent
22 Transfers in good faith, for value, and without knowledge of their avoidability.

23 79. Based on the foregoing, Plaintiff may avoid the Fraudulent Transfers pursuant to
24 11 U.S.C. § 544 and California Civil Code § 3439.04(a)(1).

25 80. Based on the foregoing, Plaintiff may recover and preserve the Fraudulent Transfers
26 from Defendant and/or Doe Defendants as the initial transferee or, alternatively, as the subsequent
27 transferee for the benefit of the Estate pursuant to 11 U.S.C. §§ 550 and 551, and Cal. Civ. Code
28 § 3439.07.

Third Claim for Relief

**Avoidance, Preservation, and Recovery of Constructive Fraudulent Transfer
11 U.S.C. §§ 544, 550, 551; Cal. Civ. Code §§ 3439.04(a)(2), 3439.05 and 3439.07
(Against all Defendants)**

81. Plaintiff hereby incorporates by reference Paragraphs 1 through 56 and realleges these paragraphs as though set forth in full herein.

82. Under 11 U.S.C. § 544(b)(1), Plaintiff may avoid transfers of an interest of Debtor which are voidable under applicable law by an unsecured creditor of Debtor, including under California Civil Code §§ 3439.04(a)(2) and 3439.05.

83. Debtor did not receive reasonably equivalent value in exchange for the Fraudulent Transfers.

84. The Fraudulent Transfers were made at a time when Debtor was insolvent and/or rendered insolvent by virtue of said transfers.

85. At the time each Fraudulent Transfer was made, Debtor was engaged or was about to engage in a business or a transaction for which the remaining assets of Debtor were unreasonably small in relation to the business or transaction.

86. At the time each Fraudulent Transfer was made, Debtor intended to incur, or believed or reasonably should have believed that Debtor would incur, debts beyond Debtor's ability to pay as they became due.

87. At the time each Fraudulent Transfer was made, Debtor was indebted to one or more creditors that held a claim against Debtor on the date of each Fraudulent Transfer and on the Petition Date.

88. The LPG Insiders and the various sham entities, which held Debtor's funds, benefitted in part from the use of such funds improperly diverted away from Debtor and would be considered insiders under Cal. Civ. Code § 3439.04(b)(1).

89. The Fraudulent Transfers were made at a time when Debtor was insolvent and/or rendered insolvent by virtue of said transfers.

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1 90. Plaintiff alleges that Defendant and/or Doe Defendants did not receive the Fraudulent
2 Transfers in good faith, for value, and without knowledge of their avoidability.

3 91. Based on the foregoing, Plaintiff may avoid the Fraudulent Transfers pursuant to
4 11 U.S.C. § 544 and California Civil Code §§ 3439.04(a)(2) and 3439.05.

5 92. Based on the foregoing, Plaintiff may recover and preserve the Fraudulent Transfers
6 from Defendant and/or Doe Defendants as the initial transferee or, alternatively, as the subsequent
7 transferee for the benefit of the Estate pursuant to 11 U.S.C. §§ 550 and 551, and Cal. Civ. Code
8 § 3439.07.

9
10 **Fourth Claim for Relief**
11 **Avoidance, Preservation, and Recovery of Actual Fraudulent Transfer**
12 **11 U.S.C. §§ 548(a)(1)(A), 550 & 551**
13 **(Against all Defendants)**

14 93. Plaintiff hereby incorporates by reference Paragraphs 1 through 56 and realleges
15 these paragraphs as though set forth in full herein.

16 94. One or more of the Fraudulent Transfers were made within two years of the Petition
17 Date.

18 95. The Fraudulent Transfers were made to Defendants with the actual intent to hinder,
19 delay, or defraud Debtor's creditors.

20 96. At the time each Fraudulent Transfer was made, Debtor was indebted to one or more
21 creditors that held a claim against Debtor on the date of each Fraudulent Transfer and on the Petition
22 Date.

23 97. Debtor had been sued or threatened with suit before some or all of the Fraudulent
24 Transfers occurred.

25 98. Debtor incurred substantial debt shortly before or shortly after some or all of the
26 Fraudulent Transfers occurred.

27 99. The LPG Insiders caused Debtor to take the actions alleged herein, including the use
28 of the sham entities to hold Debtor's funds, with the actual intent to hinder, delay, and defraud its
creditors.

1 100. The LPG Insiders caused Debtor to abscond and delay the discovery of substantial
2 assets of the Debtor by use of the sham entities.

3 101. The LPG Insiders actively concealed Debtor's assets by the use of the sham entities.

4 102. The various sham entities, which held Debtor's funds, would be considered insiders
5 as that term is defined in 11 U.S.C. § 101(31).

6 103. Debtor received less than reasonably equivalent value in exchange for the Fraudulent
7 Transfers totaling \$57,196.97.

8 104. The Fraudulent Transfers were made at a time when Debtor was insolvent and/or
9 rendered insolvent by virtue of said transfers.

10 105. Plaintiff alleges that Defendant and/or Doe Defendants did not receive the Fraudulent
11 Transfers in good faith, for value, and without knowledge of their avoidability.

12 106. Based on the foregoing, Plaintiff may avoid the Fraudulent Transfers under 11 U.S.C.
13 § 548(a)(1)(A).

14 107. Based on the foregoing, Plaintiff may recover and preserve the avoided transfers up to
15 the amount of the Fraudulent Transfers from Defendant and/or Doe Defendants as the initial
16 transferee or, alternatively, as the subsequent transferee for the benefit of the Estate under 11 U.S.C.
17 §§ 550 and 551.

18 **Fifth Claim for Relief**

19 **Avoidance, Preservation, and Recovery of Constructive Fraudulent Transfer**

20 **11 U.S.C. §§ 548(a)(1)(B), 550 & 551**

21 **(Against all Defendants)**

22 108. Plaintiff hereby incorporates by reference Paragraphs 1 through 56 and realleges
23 these paragraphs as though set forth in full herein.

24 109. One or more of the Fraudulent Transfers were made within two years before the
25 Petition Date.

26 110. Debtor did not receive reasonably value in exchange for the Fraudulent Transfers.

27 111. The Fraudulent Transfers were made at a time when Debtor was insolvent and/or
28 rendered insolvent by virtue of said transfers.

1 112. When the Fraudulent Transfers occurred, Debtor's business was undercapitalized and
2 Debtor was engaged in business for which its capital was unreasonably small.

3 113. When the Fraudulent Transfers occurred, Debtor was about to incur debts that were
4 beyond its ability to pay.

5 114. At the time each Fraudulent Transfer was made, Debtor was indebted to one or more
6 creditors that held a claim against Debtor on the date of each Fraudulent Transfer and on the Petition
7 Date.

8 115. Plaintiff alleges that Defendant and/or Doe Defendants did not receive the Fraudulent
9 Transfers in good faith, for value, and without knowledge of their avoidability.

10 116. Based on the foregoing, Plaintiff may avoid the Fraudulent Transfers under 11 U.S.C.
11 § 548(a)(1)(B).

12 117. Based on the foregoing, Plaintiff may recover and preserve the avoided Fraudulent
13 Transfers from Defendant and/or Doe Defendants as the initial transferee or, alternatively, as the
14 subsequent transferee for the benefit of the Estate under 11 U.S.C. §§ 550 and 551.

15 **Sixth Claim for Relief**

16 **Disallowance of Claim**

17 **11 U.S.C. § 502(d)**

18 **(Against all Defendants)**

19 118. Plaintiff hereby incorporates by reference Paragraphs 1 through 56 and realleges
20 these paragraphs as though set forth in full herein.

21 119. Plaintiff alleges that Defendant and/or Doe Defendants may have a claim against the
22 Estate.

23 120. Pursuant to 11 U.S.C. § 502(d), Plaintiff requests that any claim asserted by
24 Defendant and/or Doe Defendants be disallowed unless or until the avoidable Transfers are repaid by
25 Defendant and/or Doe Defendants.

26 **Prayer**

27 WHEREFORE, Plaintiff prays for judgment against Defendant and Doe Defendants as
28 follows:

On the First Claim for Relief

1. That the Preferential Transfers be avoided pursuant to 11 U.S.C. § 547(b);

2. That Plaintiff recover the avoided Preferential Transfers or a money judgment in an amount equal to the value of the avoided Preferential Transfers pursuant to 11 U.S.C. § 550;

On the Second Claim for Relief

3. That the Fraudulent Transfers be avoided under 11 U.S.C. § 544 and Cal. Civ. Code §§ 3439.04(a)(1) and 3439.07;

4. That Plaintiff recover the avoided Fraudulent Transfers or a money judgment in an amount equal to the value of the avoided Fraudulent Transfers pursuant to 11 U.S.C. § 550;

On the Third Claim for Relief

5. That the Fraudulent Transfers be avoided under 11 U.S.C. § 544 and Cal. Civ. Code §§ 3439.04(a)(2), 3439.05 and 3439.07;

6. That Plaintiff recover the avoided Fraudulent Transfers or a money judgment in an amount equal to the value of the avoided Fraudulent Transfers pursuant to 11 U.S.C. § 550;

On the Fourth Claim for Relief

7. That the Fraudulent Transfers be avoided under 11 U.S.C. § 548(a)(1)(A);

8. That Plaintiff recover the avoided Fraudulent Transfers or a money judgment in an amount equal to the value of the avoided Fraudulent Transfers pursuant to 11 U.S.C. § 550;

On the Fifth Claim for Relief

9. That the Fraudulent Transfers be avoided under 11 U.S.C. § 548(a)(1)(B);

10. That Plaintiff recover the avoided Fraudulent Transfers or a money judgment in an amount equal to the value of the avoided Fraudulent Transfers pursuant to 11 U.S.C. § 550;

On the Sixth Claim for Relief

11. That any claim of Defendant and/or Doe Defendants against the Estate be disallowed in its entirety unless or until Defendant and/or Doe Defendants timely repay the avoidable Transfers;

On All Claims for Relief

12. That Plaintiff only recover a single satisfaction of all avoided Transfers under 11 U.S.C. § 550(d);

1 13. That all avoided Transfers be preserved pursuant to 11 U.S.C. § 551;

2 14. For prejudgment interest under state law on all fraudulent transfer claims from the
3 date each transfer was made, as set forth in *In re Slatkin*, 525 F.3d 805, 820 (9th Cir.2008), *In re*
4 *Agricultural Research and Technology Group, Inc.*, 916 F.2d 528, 541-42 (9th Cir.1990), and *Field*
5 *v. Kupoikai (In re Maui Indus. Loan & Fin. Co.)*, 483 B.R. 346, 353 (Bankr. D. Haw. 2012);

6 15. For pre-judgment interest on all other claims at the maximum rate allowed by law;

7 16. For costs incurred by Plaintiff in prosecuting this action; and

8 17. For such other and further relief as the Court may deem just and proper.
9

10 DATED: September 16, 2025

MARSHACK HAYS WOOD LLP

11
12 By: /s/ Chad V. Haes

CHAD V. HAES

13 Attorneys for Richard A. Marshack,
14 Plaintiff and Trustee of The LPG Liquidation Trust
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Exhibit “1”

In re: The Litigation Practice Group PC
Disbursement Details by Payee
4 Years Pre-Petition (03/20/2019 - 03/20/2023)

HP IT Services Inc



Bank Name	Account Name	Account Number	Statement Date	Transaction Date	Check Number	Debit/Charge	Memo
Paychex	Litigation Practice Group	n/a	1/31/2022	1/31/2022		38,307.77	Form 1099
Chase	The Litigation Practice Group PC	3158	3/31/2022	3/11/2022	11062	427.64	Expense Report 130097 - Office Equipment - Brian
Paychex	Litigation Practice Group	n/a	12/31/2022	12/31/2022		4,615.39	Form 1099
Paychex	Litigation Practice Group	n/a	1/31/2023	1/31/2023		13,846.17	Form 1099
						57,196.97	